

BUFFALO FISCAL STABILITY AUTHORITY
Meeting Minutes
September 21, 2015

The following are the minutes from the meeting of the Buffalo Fiscal Stability Authority (the “BFSA” or the “Authority”) held on Monday, September 21, 2015 in the first floor conference room of the Buffalo Market Arcade Complex. The meeting was called to order at 1:17 PM.

Board Members Present

Interim Vice-Chair Richard T. Jurasek
Secretary George K. Arthur
Director Fredrick Floss
Director Frank Mesiah
Mayor Byron W. Brown (proxy Estrich)
County Executive Mark C. Poloncarz (proxy Williams)

Board Member(s) Excused

Chair R. Nils Olsen
Director Dottie Gallagher-Cohen

Staff Present

Executive Director Jeanette M. Robe
Comptroller Robert L. Miller
Principal Analyst/Media Liaison Bryce E. Link
Senior Analyst/Manager of Technology Nathan D. Miller
Administrative Assistant Nikita Fortune

Additionally Present

Mr. James L. Magavern, Esq., Magavern Magavern & Grimm LLP
Ms. Sara Dayton, Audit Partner, Lumsden & McCormick, LLP

Opening Remarks

Interim Vice-Chair Jurasek apologized for a late start after having two committee meetings and called for Secretary Arthur to call the roll.

Roll Call of the Directors

Secretary Arthur called the roll noting that Chair Olsen and Director Gallagher-Cohen were excused. A quorum being present, the meeting commenced.

Erie County Constituent Services Assistant, Mr. Leonard Williams, represented County Executive Mark C. Poloncarz while City of Buffalo Commissioner of Finance, Administration, Policy, and Urban Affairs, Ms. Donna Estrich, represented Mayor Byron W. Brown, in accordance with Subdivision 1 of §3853 of the BFSA Act.

Subdivision 1 of §3853 of the BFSA Act reads: “...The Mayor and the County Executive shall serve as ex officio members. Every director, who is otherwise an elected official of the City or County, shall be entitled to designate a single representative to attend, in his or her place, meetings of the Authority and to vote or otherwise act in his or her behalf. Such designees shall

be residents of the City of Buffalo. Written notice of such designation shall be furnished prior to any participation by the signal designee....”

Interim Vice-Chair Jurasek introduced Resolution No. 15-28, “Approving Minutes and Resolutions from July 29, 2015.”

Director Mesiah made a motion to approve.

Director Floss seconded the motion.

The Board voted 6-0 to approve Resolution No. 15-28.

BFSA Business

BFSA Fiscal Year (“FY”) 2015 Independent Audit & Annual Report

Interim Vice-Chair Jurasek welcomed Buffalo Municipal Housing Authority (“BMHA”) Chair Michael Seaman and Executive Director Dawn Sanders-Garrett to the proceedings.

He stated that the Audit, Finance and Budget Committee recommended approval of the fiscal year 2014-15 Independent Auditors’ Report by Lumsden & McCormick, LLP, earlier in the day, based on written material and an oral presentation. He introduced Resolution No. 15-29, “Approve Independent Audit Report & Annual Report for Fiscal Year 2014-15.”

Director Floss made a motion to accept the recommendations of the Audit, Finance and Budget Committee and the Independent Audit.

Director Mesiah seconded the motion.

The Board voted 6-0 to accept the recommendations from the Audit, Finance and Budget Committee and approve the Independent Audit.

Director Floss noted that all of the Board members attended the Committee meeting as well and stated that any questions or concerns were addressed at that time.

The review of the FY 2014-15 Performance Measurement Report was deferred until the December 9, 2015 Board meeting.

Interim Vice-Chair Jurasek asked for a motion to accept the FY 2014-15 Annual Report as recommended by the Audit Finance and Budget Committee with any necessary changes for filing to be made by the Chair, Executive Director and/or Comptroller.

Director Floss offered a motion.

Secretary Arthur seconded the motion.

The Board voted 6-0 to approve of the FY 2014-15 Annual Report.

As both motions were duly seconded and approved, Resolution No. 15-29 was approved.

Interim Vice Chair Jurasek presented the Board with the recommendation from the Audit Finance and Budget Committee regarding the 2015 BFSA Bond Refunding and introduced Resolution No. 15-30, “Resolution Concerning the Authorization, Sale, and Issuance of Sales Tax and State Aid Secured Bonds,” and Resolution No. 15-31, “Resolution Concerning State Environmental Quality Review Act Matters in Connection with the Authorization, Sale, and Issuance of Sales Tax and State Tax and State Aid Secured Bonds, Series 2015 Refunding Bonds.”

Director Mesiah made a motion to approve Resolution Nos. 15-30 and 15-31.

Director Floss seconded the motion.

The Board voted 6-0 to approve Resolution Nos. 15-30 and 15-31.

Buffalo Municipal Housing Authority ***Discussion with BMHA Leadership***

Interim Vice-Chair Jurasek advanced the agenda to the next item for consideration: a discussion with the BMHA Chair and Executive Director, as requested by the BFSA Board of Directors, in order to provide information related to BMHA’s strategic plan and to address any other questions the BFSA Directors may have.

Ms. Sanders-Garrett and Mr. Seaman gave a presentation on BMHA’s strategic plan.

Ms. Sanders-Garrett advised that there will be an overview of the BMHA occupancy and vacancy rate as well as the management indicators; these indicators drive most communication received the United States Department of Housing and Urban Development (“HUD”); 95% of BMHA’s funding is received from HUD.

The Public Housing Assessment System, (the “PHAS”) serves as a housing authority’s report card and was established in 1998. The four key indicators are:

- Physical;
- Financial;
- Management; and
- Capital Fund.

The goals of the PHAS are:

- Better management and oversight of public housing;
- Reduce administrative requirements of Public Housing Authorities (“PHAs”) and HUD;
- Provide improved information about the operating costs of and the performance of housing projects; and
- Align the PHAS with the Asset Management model.

The BMHA was created in 1935 and therefore much of the housing stock is aged and in need of repair. Over the past eight years there has been a steady decline in the capital funds and operating subsidy received from the federal government. The BMHA is unable to raise taxes or

rent; residents in the federal program cannot pay more than 30% of their income for housing. Therefore, when resources are not received from the federal government as expected, the BMHA is required to implement cost cutting, efficiency measures. Subsequently other redevelopment opportunities need to be sought to be able to improve the housing stock. Unfortunately, when those opportunities do not materialize, the BMHA has to subsist and rely on the funds available for the operation of the organization. Recently the federal government allowed public housing authorities to participate in the rental assistance demonstration program (“RAD”) to go into the private market and to revitalize housing stock by building new or rehabilitate the existing housing. The decline of capital funds affects the vacancy rate because the capital funds are used to rehabilitate the housing stock and without that funding the units are unable to be brought to code for occupancy.

Mr. Seaman apologized for the length of time it took for him to attend a BFSA meeting and for not providing reports in a timely manner. He advised that BMHA has hired two certified public accountants and, once they are fully trained, the delay in reporting should diminish. He also emphasized that the scoring for PHAs has not been adjusted since its inception nor has the decrease in federal funding been taken into consideration for scoring.

Ms. Sanders-Garrett explained how the PHAS scores are obtained and stated that the lack of resources is not taken into account.

The Board was provided with an overview of the occupancy and vacancy rates for all of the BMHA-managed properties as of August 31, 2015.

Mr. Seaman stated that HUD identified BMHA as being more expensive with respect to unit turnover. This may be due to union contracts, and the fact that because the housing stock is aged, some units need multiple visits for recurring repairs. BMHA needs to assess if it’s sensible to invest additional money in those units that keep falling apart.

Secretary Arthur asked which BMHA developments were New York State funded.

Ms. Sanders-Garrett stated that Marine Drive and Kensington Heights are the only remaining State-funded developments, although Kensington Heights is almost completely demolished.

Mr. Seaman stated that the Ferry-Grider homes are federally funded and the \$5 million stimulus dollars funneled into that development truly turned it into one of the more stable and safe developments of the BMHA portfolio.

Secretary Arthur questioned the occupancy rate of 21.45% for the C.P. Homes development. Ms. Sanders-Garrett stated families have been moved into the best units of that development. Unfortunately, the units are beyond a quick fix.

Mr. Seaman stated the Perry neighborhood was included in a Promise Neighborhood proposal that ultimately did not receive funding.

Director Floss stated his concern for a concrete plan to deal with getting available units online.

Ms. Sanders-Garrett stated that 89% of the stimulus dollars went into the physical plants of the BMHA housing stock. However, there must be an influx of money to allow public housing authorities to do redevelopment faster.

Secretary Arthur asked for a status of the legal issues with Kensington Heights.

Ms. Sanders-Garrett advised that the legal issues with that development have been resolved and it is no longer causing a financial drain on the BMHA budget.

Interim Vice-Chair Jurasek asked for more discussion on the transformation plan for BMHA going forward and asked what score BMHA received on the most recent PHAS.

Ms. Sanders-Garrett stated that the BMHA received a score of 65 on last year's PHAS. It was also stated that the agency is unsure what their budget will be for next year. The goal is to remove uninhabitable units from the rolls and build cash reserves for the current fiscal year. Ms. Sanders-Garrett also advised that the agency was penalized in the past for having healthy reserves even though HUD advised PHAs to build their reserves.

The RAD program will be used to attract private investors in order to obtain funds to make capital improvements. BMHA must become entrepreneurial in its thinking in order to increase the reserves and reduce the expenses. Positions that have become vacant due to attrition have not been filled as a way to reduce expenses. The BMHA is down to 189 full-time employees; at one point there were 475 employees.

Mr. Williams thanked Mr. Seaman for entering into the RAD program and while considering the rights of the residents and tenants' self-determination.

Ms. Sanders-Garrett stated that there must be a creative approach to deal with affordable housing within this country.

Director Mesiah asked what the relationship is with Federal Housing Administration ("FHA") and public housing.

Ms. Sanders-Garrett stated that the FHA funds private mortgages. Fannie Mae and Freddie Mac are not connected to public housing authorities, which have a mandate to house people of low-to-moderate income levels. Mixed income communities are a viable option along with a voucher program. It appears that a voucher program is inevitable due to the continued decrease in federal funding according to Mr. Seaman.

Interim Vice-Chair Jurasek stated that the BMHA must interact with the BFSa more frequently to understand how issues within the BMHA are being addressed.

Mr. Seaman stated that the BMHA will have their first quarterly report completed in October 2015.

Prior to 2012, the BMHA was unable to seek private dollars for capital needs, however, the RAD program now allows for PHAs to leverage public as well as private debt and equity in order to reinvest in the public housing stock.

Director Floss stated his concerns with the lack of long term planning concerning the RAD program as it appears to be a temporary, one-time fix with respect to the influx of monies.

Ms. Sanders-Garrett stated the RAD program has a 15 year compliance period. There is a mix of short term, long-term, and mid-range tools being implemented to gain the most favorable outcomes.

Mr. Seaman stated the current budget does not appropriate reserve funds; the first quarter report received in October will be shared with the BFSA.

Interim Vice-Chair Jurasek emphasized the importance of receiving reports and information in a timely manner. Mr. Seaman and Ms. Sanders-Garrett ensured that reports will be submitted accordingly and time will be made to meet with BFSA Directors to discuss said reports.

Director Floss stated the BFSA is working just as diligently with the other covered entities. The goal is to protect those who are less able to protect themselves and make sure that we have the best possible housing for them within an appropriate budget.

Privilege of the Floor

Interim Vice-Chair Jurasek extended the Privilege of the Floor to any member of the attending public who wished to comment for the public record on any actions taken by the Board at the day's meeting.

Ms. Gallivan stated she would have appreciated more questions about Marine Drive but feels that what was covered was important. She also stated that at a previous meeting where BMHA staff was in attendance the BFSA did not ask any questions and she encouraged the Directors to ask questions when BMHA staff is present.

Interim Vice-Chair Jurasek took Ms. Gallivan's comments under advisement and asked if there was any new business. Hearing none, he asked for a motion to adjourn.

Adjournment

Secretary Arthur made a motion to adjourn.

Director Floss seconded the motion.

The Board voted 6-0 to adjourn.

The Board adjourned at 2:41 PM.